
Index

- 9/11 attacks
 - estimated losses 160
 - terrorism cover availability, influences on 22
- Abbring, J. 503
- Abraham, K. 378, 488, 508–9
- Abrahamse, A. 513
- adverse selection 310
 - Affordable Care Act reforms, and 225, 318
 - classification risk, and 308, 310–16, 342
 - credit scoring 342–3
 - health insurance, and 204
 - insurance premiums 24
 - liability insurance 510–11
 - market failures 342–3
 - pain and suffering compensation 110–11
 - social insurance, and 135
 - underwriting responses to 343
- Aetna 350–51
- Affordable Care Act (2010) 5–6
 - adverse selection, and 225, 318
 - age-rating restrictions 212
 - altruism, and 198–9
 - background 190
 - benefits of reforms, evidence of 221–3
 - benefits requirements 211–12
 - challenges and limitations 15, 26–7, 229–30
 - classification risk, and 317–18
 - consumer motivation 26
 - cost projections 217–21
 - cost-saving mechanisms 219–20
 - cost-sharing subsidies 207–8, 226–7
 - coverage expansion 207–10, 216–17, 226–7
 - coverage tiers 211–12
 - employee benefits, provision implications 227–9
 - employer mandate 209, 225
 - enrollment mandate 212
 - enrollment trends 223–4
 - Federal healthcare spending 192–4, 217–21
 - grandfathered plans 213
 - health insurance exchanges 190, 210–11
 - individual mandate 190, 208–9, 312, 384–5
 - insurance market regulation 210–16
 - labor market implications 227–9
 - Massachusetts reforms, and 221–3
 - Medicaid expansion 207
 - minimum medical loss ratios 215
 - negative externalities, reduction of 199
 - penalties 209, 225
 - political challenges 190–91
 - pre-existing conditions, and 210, 213, 308
 - premium rate estimates 224–6
 - premium tax credits 207–8
 - principles 17–18, 190, 206, 306–7
 - rate review provisions 215–16
 - risk adjustment program 213–14
 - risk classification, and 205–6
 - risk corridor program 214–15
 - state vs. private insurer role 148
 - tax credits 209
 - transitional plans 213
 - transitional reinsurance program 214
 - uninsured, cover provision for 194–6, 199
- AIDS/ HIV
 - adverse selection and market failure 342
 - classification risk, and 290–91, 295, 311
- AIG 246, 280, 326, 357
- Anagol, S. 51–2
- Anderson v. Continental Insurance Co.* 418, 424–5

- annuities
 - selective attrition 312
 - under-purchase 29, 31
- Appleton Rule 354–5
- arbitration clauses 392–4
- Arlen, J. 509–10
- Arrow, K. 71–2, 135, 175, 345, 501
- Asmat, D. 427, 431–2, 434
- Assurance Co. of America v. Jay-Mar, Inc.* 386
- Atkinson, A. 128, 136
- AT&T Mobility v. Concepcion* 392
- automobile insurance *see* motoring insurance
- Avery v. State Farm* 355
- Avraham, K. 347, 510
- Ayres, I. 379–80, 399, 511

- bad faith liability 368, 414
 - breach of contract, and 417
 - cause of action
 - in contract law 419
 - statutory basis 419–20
 - in tort law 418–19, 429–30
 - claims, limitations on 421–2
 - competition and market forces 421–2
 - concept development 416–18, 420, 434–5
 - damages, restrictions on 419, 422–3
 - dispute resolution, and 415–16, 426–9, 434
 - duty to settle 413, 416–17
 - economic justification 421–3
 - extra-contractual damages 416, 422–3
 - incentive effects on claims 423–4
 - insurance claim fraud, and 424–6, 432–3
 - intentional harm, and 418–19, 430
 - judicial influences 429–30
 - negligence standard 418
 - risk aversion 427–8
 - settlements, influences on 431
 - standards of proof 432
 - state law variations 432–3
 - unfair trade practices laws 413, 415
- Baker, T. 419, 435, 491, 503–4, 512–13
- Ball, R. 135
- ‘bankruptcy curse’ 302
- barriers to entry or exit 349–51

- Basel Committee on Banking Supervision 253
- Becker, G. 422
- Beck v. Farmers Insurance Exchange* 419
- behavioral economics
 - consumer failures 16–17
 - consumer motivation 16–18, 26
 - default options 16–17
 - income effects 81–4
 - intuitive behavior 15, 18–22
 - rational choice 26–7
 - risk misperception, and 17
- Bergstresser, D. 48
- Berkshire Hathaway 282
- Bernard, D. 197
- Bhattacharya, U. 48, 199
- bias
 - availability bias 20
 - distribution incentives 39–40
 - evidence
 - customer complaints 51–4
 - external sources 47–50
 - intermediary audits 50–52
 - statistical comparisons 51, 54–6
 - generally 38–40
 - information asymmetries 36, 38–9
 - in insurance advice, modeling 41–3
 - regulatory constraints 56–63
 - restricting 46–7
 - risks of 36
 - technological influences on 36, 63–6
- Biggert-Waters Flood Insurance Reform Act (2012) 17, 360–61
- Bluethgen, R. 48–9
- Boardman, M. 404
- Boyce, R. 324
- Browne, M. 51, 55, 431
- Brown, J. 51, 54, 135
- Buchmueller, T. 228
- Burton, J. 506

- Calabresi, G. 99
- Calfee, J. 509
- California Earthquake Authority (CEA) 179
- Canada
 - bad faith liability 420
- capital adequacy *see* solvency regulation

- Carroll, S. 513
 Carron, L. 504
 catastrophe insurance
 alternatives to traditional
 government programs 183–6
 ambiguity aversion, and 169
 asymmetric information, and 169
 California Earthquake Authority
 (CEA) 179
 capital costs 165–6
 catastrophe bonds 167–9
 Catastrophe Obligation Guarantee
 Act (proposed) 184
 challenges 5, 186–7
 claims adjustment 181
 collateral debt obligations and credit
 default swaps (CDO/CDS)
 172–3
 comprehensive disaster insurance
 185–6
 definition 160
 Federal reinsurance proposal 183–4
 financial guarantee insurance 172–3
 flood map accuracy 26
 Florida Hurricane Catastrophe
 Fund (FHCF) 177–8
 functions 161
 government sponsored enterprises
 (GSEs) 172–86
 importance 25
 incentives 18
 insolvency risk 5, 163–5
 insurer of last resort, and 184–5
 median tenure 20–21
 mitigation incentives, and 161, 182–3
 monoline coverage 5, 170–74
 National Floor Insurance Program
 (NFIP) 17, 176–7
 nuclear power accidents 367
 policy sales and marketing 181
 political influences 174–5
 premium-loss ratios 165–6
 premium setting 180–81
 price discovery 161
 private market *vs.* government plans
 181–2
 private mortgage insurance 171–3
 regulator intuition 23
 reinsurance 5, 166–7
 restrictions and limitations 21
 risk aversion, and 168–9
 risk transfer 161, 163, 167–9
 state role 5, 164–5, 174–86
 state *vs.* federal regulation 360–61,
 367
 tax implications 165–6
 Terrorism Risk Insurance Act
 (TRIA) 179–80
 catastrophes
 aggregate worldwide losses 160–63
 burden of loss 160–61
 Cebul, R. 203
 Chalmers, J. 49–50
 Chandler, S. 378
 Chan, T. 54
 Chernow, M. 90
 classification risk
 adverse selection, and 308, 310–16,
 342
 AIDS/ HIV 290–91, 295, 311
 confidential testing, and 305–6
 contract regulation 316–18
 control and controllability 299–300
 cream skimming 293–4, 313–14
 credit scoring 342–3
 ‘death spiral,’ and 311–12
 deductibles, restrictions on 316–17
 definition 297
 discrimination, and 290–93, 301,
 306
 diversification 291–2
 equilibrium, definition 313–16
 ethical considerations 299–300, 305
 ex ante risk realization 297–8, 305–6
 exclusivity, and 309–10
 genetic disease, and 294–5, 297–88,
 305–6
 health insurance, and 203–6, 290–91
 Hirschleifer Effect 297–8
 insurance incentives, and 298, 317
 intrinsic classification risks 299–300
 moral hazard, and 296, 307–8
 mutualization principle, and 292
 occurrence *vs.* reclassification risk
 300
 optimum contracts, and 303–4,
 313–16
 policy trends 302
 pre-existing conditions, and 301,
 304, 308

- price differentiation, and 292–4, 307–8
- price elasticity, and 294
- reclassification risk, and 298–302
- regulation *vs.* prohibition 304–7, 318–19
- risk of classification as high risk 204–5, 291, 294–5
- selective attrition, and 311–12
- self-selection contract mechanisms and 313–17
- switching costs 294
- triggers for long-tail liabilities 302
- climate change 24
- Coase, R. 426
- Cochrane, J. 205, 302, 304
- Cogan, J. 221
- Cohen, A. 501–2, 510
- coinsurance rate 72
 - health insurance, and 83–5, 90
- commission
 - advice bias, influences on 44–7
 - contingent commission 46
- Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) 271–3, 285
- competition
 - barriers to entry 349–51
 - competitive market, definition 334
 - economies of scale, and 348–9
 - insurance intermediaries, and 45–6
 - market regulation, and 334–5
 - optimum contracts 303–4, 313–16
 - perfect competition 242–3
 - price differentiation, and 293–4
 - state *vs.* federal regulation 348–53
 - unequal bargaining power 351–2
 - unfair prices 352
- complaint-allegation rule 387
- Comunale v. Traders & General Insurance Co.* 416–17
- conflicts of interest
 - disclosure duties 59
- Consorcio de Compensation de Seguros (CCS) 185–6
- consumer motivation 130–31
 - certainty *vs.* financial loss 78–9
 - challenges 15
 - default options 16–17
 - deliberative thinking 19–20, 26–7
 - economic efficiency 17, 24–5, 32–3
 - health insurance 78
 - heuristic decision-making, and 17
 - higher premiums, and 16–17
 - ignorance, and 41–3
 - inducements 17–18
 - insurance over-purchase 30
 - intuition and emotion 15, 20–21
 - likelihood of risk, and 20–21
 - long-term policies 33
 - low-incomes, and 15, 20–21, 197–8
 - mandatory insurance, and 17
 - premiums, value perceptions 17, 20–21, 24–5, 33
 - rare events coverage 32–3
 - risk misperception, and 17, 109–10
 - variabilities of 37
- contagion 335, 356–60
- Continental Casualty Co. v. Reserve Insurance Co.* 479
- contract law
 - see also* contract terms
 - common law of insurance 384
 - expectation damage principle 414
 - function 379
- contract terms
 - default rules
 - definition 377
 - information-forcing/penalty defaults 380–81
 - majoritarian rules 380
 - purpose 379–81
 - sticky default rules 387–9
 - default rules *vs.* mandatory rules 377–8, 410–11
 - efficiency, relevance of 394, 398–9
 - externality argument, and 396–9
 - functions 379–80
 - influences on 394–5
 - insurance contracts, relevance to 400–401
 - intentional harm requirement 390–91, 396–7
 - literary evaluation 378–9
 - mandatory health insurance 395–6
 - mandatory motor insurance 395–6
 - moral hazard, and 397–8
 - quasi-mandatory rules 387–9

- regulatory approval of terms 405–8
- regulatory rejection of terms 403–5
- rules *vs.* standards 408–10
- standard-form contracts, and 394–5, 399
- sticky default rules 387–9
- insurance contracts
 - court enforcement duties 405–6
 - differences from other contracts 393–4
 - regulatory independence, and 407–8
 - right to recoup defense and settlement costs 404–5
 - rules *vs.* standards 408–10
 - state regulation variations 402
 - terms, regulatory approval of 405–8
 - terms, regulatory rejection of 403–5
- mandatory rules
 - alteration of 381
 - anti-coverage *vs.* pro-coverage terms 398
 - arbitration clauses 392–4
 - categories of 384
 - cause requirements 385–6
 - common law duties, and 386–9
 - contra proferentem* rule 380–81, 390, 398–9, 404
 - definition 377
 - disproportionate forfeiture 391–2, 398
 - duty to defend and settle 387–9, 399–400
 - enforceability 390–92
 - expressly required terms 384–6
 - functions 381–2, 400
 - good faith 386–7
 - health insurance 384–5
 - insurable interest requirement 390–91, 396–7
 - intentional harm requirement 390–91, 396–7
 - judicial interpretation 389–92
 - multiple concurrent causes, and 385–6
 - occupational disability, and 386
 - product liability, and 381–3
 - quasi-mandatory rules 387–9
 - standard form contracts 383–4, 392–5, 399
 - court enforcement obligations 406–7
 - in insurance, role of 402–8
 - contra proferentem* rule 351, 378, 380–81, 390, 398–9, 404
- Cook, P. 106
- Cooter, R. 444
- corporate governance
 - international initiatives 277–8
 - OECD principles 277–8
 - Solvency II 276–7
 - Solvency Modernization Initiative 274–6
- Courtemanche, C. 222
- court proceedings
 - bad faith liability dispute resolution 415–16
 - contra proferentem* rule 351, 378, 380–81, 390
 - insurance case trends 400–401
 - insurer duty to defend 387–8, 399–400
 - insurer duty to settle 388–9, 399–400
 - mandatory rules
 - arbitration clauses 392–4
 - case trends 400–401
 - disproportionate forfeiture 391–2
 - interpretation and enforcement 387–92
 - quasi-mandatory rules 387–9
 - purpose 379–80
 - state *vs.* federal insurance regulation role 361–2
- credit scoring 342–3
- Crisci v. Security Insurance Co.* 417, 472
- Crocker, K. 425
- Croley, S. 107–8, 111, 510
- Cummins, J. 45, 266–7
- damages
 - bad faith liability 416, 422–3
 - extra-contractual damages 416, 422–3
 - optimal damages 422

- Danzon, P. 111, 508, 512
 'death spiral' 311–12
 deductible aversion 30
 default rules *see* contract terms
 defense of covered claims
 see also duty to defend; right to defend
 contribution coverage and recovery limits 449–50
 costs
 defense *vs.* settlement 448
 management, importance of 447–8, 453
 mitigation mechanisms 454–8
 value-based fee arrangements 457–8
 variability 447
 counsel
 as co-clients 454–5
 in-house counsel 455
 specialized 455–6
 working arrangement and status 454–5
 defense-related incentives 443–6
 economics of 443–7, 458
 excess coverage, and 450
 insurance contract efficiency, and 444–5
 judgment-proof defendants 443
 judgment risk 443–4, 449
 litigation management guidelines 456
 optimal defense 444–5
 reasonable care standard 446–7
 transfer of liability, and 443–4, 450–51
 deliberative thinking 19–20, 22, 26–7
 deductible aversion 30
 de Meza, D. 82
 Diamond, P. 135
 Dionne, G. 504
 disclosure
 breach of duty 413–14
 discrimination
 classification risk, and 290–93, 301, 306
 dispute resolution
 bad faith liability 415–16, 426–9, 434
 court role 415–16
 Dobzhansky, T. 488
 Dodd-Frank Act (2010) 245–6, 280–83, 286, 358
 Doherty, N. 45, 104–6
 D&O insurance 466, 485, 503
 due care, definition 493–4
 duty to contribute 463, 475, 477–9
 duty to defend 438–9
 see also right to defend
 activation of 440–42, 450–51
 co-client status 446–7, 449, 454–5
 common law rules 441–2, 445–7
 complaint allegation rule 442
 consent to settle clauses 452–3
 costs management, and 447–8, 453
 default *vs.* mandatory rule status 387–8, 399–400
 defense-only policies 439–40
 defense-related incentives 445–7
 False Claims Act proceedings 439–40
 indemnity limits 452–3
 influences on 441
 in-house counsel 455
 insurer mitigation mechanisms 454–8
 litigation management guidelines 456
 pleading into coverage 442
 policyholder responsibility for 447–8
 policy types 441
 purpose 441–2
 reasonable care standard 446–7
 shared control provisions 446–7, 449
 specialized panel counsel 455–6
 third-party payer conflicts 451–2
 value-based fee arrangements 457–8
 duty to indemnify 438–9
 limitations 452–3
 policy types 441
 duty to settle 463–4, 469
 bad faith liability, and 413, 416–17
 collective action settlements 462, 464–6, 480, 482, 484–6
 conflicts of interest 461–2
 consent to settle clauses 452–3
 default *vs.* mandatory rule status 388–9, 399–400
 disregard-the-limits rule 462
 duty to contribute 463, 475, 477–9
 need for 464

- no-liability approach 477–8, 480
 - reasonable consent provision 479
 - reasonableness standard 462, 469–70, 472, 479, 482
 - segmented approach to 462–4, 481–5
 - settlement-duty scenarios 462–4
 - above-limit demand, post-judgment context 475–8
 - above-limit demand, post-settlement context 478–81
 - within-limit demand, post-judgment context 467–73
 - within-limit demand, post-settlement context 473–5
 - strict liability approach 462–4, 469–74, 476–80
- Eckardt, M. 45, 52, 55–6
- economic models
 - liability insurance, and 488–9, 492–9, 514
- Employment Retirement Income Security Act (1974)(ERISA) 290–91, 308, 317
- enterprise risk management (ERM) practices 266
- errors and omissions insurance 58
- Escola v. Coca Cola Bottling Co.* 98–9
- estoppel 61
- European Insurance and Occupational Pensions Authority (EIOPA) 256–7, 268
- European Union
 - insurance agent licensing 62
 - pain and suffering awards, inequities in 117
 - solvency regulation
 - capital requirements 268–71
 - corporate governance 276–7
 - Financial Conglomerates Directive 284
 - group supervision 283–4
 - Omnibus II Directive 253, 256
 - Solvency II 255–7, 268–71, 284
 - US reforms, differences from 284–6
- exceptions 18
- expected utility theory 106–10
- externalities, influences of 362–3
 - financial contagion 335, 356–8
 - insurer contagion 358–60
 - large or catastrophic losses 360–61
 - market failure, and 335
 - solvency regulation 243–4
 - state vs. federal regulation, and 353–63
 - uncompensated accidents 353–4
- False Claims Act proceedings 439–40
- Federal Emergency Management Agency (FEMA) 17, 177
- Federal insurance
 - mandatory insurance 26
 - federal control, benefits 329–331, 340–41, 364–367
 - suitability requirements 59–60
- Federal Insurance Office (FIO) 244–5, 327
 - insurance regulation studies 327–8
- Federal Reserve 246
- Feinman, J. 420
- Feldman, H. 104
- Feldstein, M. 74, 90
- Financial Conglomerates Directive 284
- financial crisis
 - aggregate losses 160
 - federal insurance regulation, and 326–7
 - financial contagion, and 356–8
 - insurance, influences on 252–3
 - insurer contagion, and 359–60
 - liability underwriting cycle, and 512–13
 - Troubled Asset Recovery Program (TARP) 357–8
- financial services ombudsman 415
- Financial Stability Oversight Council (FSOC) 246
- fire insurance
 - US historical development 323
- first-party insurance bad faith *see* bad faith liability
- fiscal federalism
 - economic theory of 321, 328–34
 - fraud, and 346–7
- Fitzpatrick, S. 512
- Florida
 - disaster insurance insolvency risk 23, 32, 177

- federal insurance programs 360–61
 - hurricane insurance trends 23, 177–8
 - judicial interpretation of insurance contract terms 361–2
- Florida Hurricane Catastrophe Fund (FHCF) 177–8
- Focht, U. 44
- Fortin, B. 506
- Frankenmuth Mutual Insurance Co. v. Keeley* 471
- fraud
 - bad faith liability claims 424–6, 432–3
 - liability insurance, trends in 504–5
 - state vs. federal role in tackling 346–7
- Freeman, J. 79
- Friedman, M. 82
- functional magnetic resonance imaging (fMRI) 116
- Gallanis, P. 344–5
- GDP
 - life/non-life insurance, percentage trends 249–53
 - social insurance, proportion as 4, 127
- Geistfield, M. 511
- gender
 - discrimination vs. price differentiation 307–8
 - life expectancy 312
 - market adverse selection 312
- General Accident, Fire & Life Assurance Corp. v. Louisville Home Telephone Co.* 484
- genetic disease
 - classification vs. reclassification risk 298–9
 - ex ante* risk realization 298–9, 305–6
 - risk of classification as high risk 294–5
- Genetic Information Nondiscrimination Act 306
- Germany
 - insurance agent licensing 62
- Gertner, R. 380
- globalization
 - insurance industry, implications of 252–3
- Goldberg, J. 102
- good faith 351, 386–7
 - see also* bad faith liability duty to settle 413
 - interpretation 413–14
- Grace, M. 345, 359–60, 364
- Graetz, M. 128, 134–7
- Graham, D. 106
- Gramm, Leach, Bliley Act (1999) 325–6
- Gravelle, H. 44
- Griffith, S. 491, 503
- Gruber, J. 197, 208, 222
- Gruenberg v. Aetna Insurance Co.* 417–18
- Guo, X. 506
- Hackethal, A. 48
- Hackmann, M. 222
- Hadley, J. 199
- Hadley v. Baxendale* 380
- Handel, B. 318
- Hangartner v. Provident Life and Acc. Ins. Co.* 386
- Hanson, J. 107–8, 111, 510
- Harrington, S. 352, 508, 512
- Harris, M. 303
- Hartwig, R. 160
- healthcare reform
 - see also* Affordable Care Act (2010)
 - Massachusetts reforms (2006) 221–3
- health insurance
 - see also* Affordable Care Act; social insurance
 - administrative costs 201–2
 - adverse selection, and 204, 225, 318
 - affordability 26–7
 - asymmetric information, and 204
 - behavior, influences on 198–9
 - catastrophic coverage 22–3
 - challenges and limitations 5–6, 26–7, 317
 - classification risk, and 203–6, 290–91
 - coinsurance rates 83–5, 90
 - confidential testing, and 305–6
 - consumer motivation 26, 78–9, 84–9
 - cost growth drivers 193

- cost-sharing 77–8, 81, 91
- coverage caps 21
- demand theory 82–3
- desirability 71–2
- discrimination, and 290–91, 301
- employer-employee commitments 302–3
- expenditure distribution 85
- genetic testing, and 305–6
- incentive misalignment in 193–4
- income effect 82–9
- insurer profit margins 200–201
- job lock 204–5
- lifetime perspectives 139–45
- loss ratios 200–201
- mandatory terms 384–5, 395–6
- market performance 200–206
- minimum wealth guaranty 197
- moral hazard, and 71–80, 84–91, 193–4
- net costs 200–202
- policy influences 76–8, 89–91
- portability 303–4, 306
- potential health gains 79
- pre-existing conditions, and 210, 301, 304, 308
- purpose 85
- RAND Health Insurance Experiment 74–6, 80–81, 198
- reclassification risk, and 302–3
- renewal guarantees, and 205, 301–2
- rescission of coverage 206
- risk rating 203–6
- safety-net programs, and 197
- solution *vs.* problem 77, 90
- state intervention, and 28–9
- taxation *vs.* subsidy 90–91
- transaction costs 85–6
- uninsurance
 - reasons for 197–8
 - trends 194–6
- Health Insurance Portability and Accountability Act 303–4, 306
- Heimer, C. 499
- Herring, B. 205
- Hersch, J. 513
- Hirschleifer, J. 297–8
- Hoffmann, A. 44
- Holmstrom, B. 303
- Hyman, D. 449
- Ibragimov, R. 170
- income effects 81–6
 - consumer surplus 84
 - health insurance, and 82–9
- indemnification principle 345
- indemnity, principle of 309
- information asymmetries
 - bias 36, 38–9
 - catastrophe insurance, and 169
 - health insurance, and 204
 - mandatory rules 382–3
- In Re: Silica Products Liability Litigation* 504
- insolvency
 - see also* solvency regulation
 - catastrophe insurance, and 5, 163–5
 - insurance company insolvency trends 258–9
 - mutual insurance, and 32–3
 - warranties, protection of 31
- insurance companies
 - failure
 - causes of 260–61
 - contagion 358–60
 - trends 258–9
 - licenses to practice 350–51
 - right to recoup defense and settlement costs 404
- insurance contracts
 - court enforcement obligations 405–6
 - differences from other contracts 393–4
 - mandatory *vs.* default terms 402–10
 - regulatory influences
 - approval of terms 405–8
 - regulatory independence, and 407–8
 - rejection of terms 403–5
 - state variations 402
 - rules *vs.* standards 408–10
- Insurance Core Principles (IAIS) 257
- insurance, generally
 - adverse selection, and 310
 - ‘death spiral’ 311–12
 - discrimination 290–93
 - duplicate recovery restrictions 309–10
 - exclusivity, principle of 309–11
 - financial crisis influences 252–3
 - functions 129–30, 488

- GDP percentage of 249–53
- globalization, and 252–3
- indemnity, principle of 309
- insurance company failure, causes of 258–61
- integration with financial markets 251–2
- price differentiation *vs.* price discrimination 292–3, 307–8
- private insurance *vs.* social insurance 129–31
- selective attrition 311–12
- insurance intermediaries
 - additional services 38
 - advice quality, influences on 44–7
 - benefits for consumers 37–9
 - bias 47
 - evidence, customer complaints 51–4
 - evidence, external sources 47–50
 - evidence, intermediary audits 50–52
 - evidence, statistical comparisons 51, 54–6
 - generally 38–40
 - modeling 41–3
 - regulatory constraints 56–63
 - restricting 46–7
 - compensation arrangements 2–3, 40, 44–7
 - competition, and 45–6
 - distribution system incentives, and 39–40
 - motivation 41–3
 - regulation 40
 - conflicts of interest disclosure 59
 - duties to policyholders 57–9
 - estoppel 61
 - licensing 61–3
 - suitability requirements 59–60
 - unfair trade restrictions 61–3
 - role of 2–3, 37–9
 - technological challenges for 36, 63–6
 - underwriting, influences on 38–9
- Insurance Marketplace Standards Association 346
- insurance theory
 - economic efficiency, and 17, 24–5, 32–3
 - general principles 16–17
 - purpose of insurance 24–5
- insurer liabilities
 - duties to policyholders
 - duty to defend 387–8, 399–400
 - duty to settle 388–9, 399–400
 - generally 57–9
 - special relationship 57
- International Association of Insurance Supervisors (IAIS)
 - capital requirements 271–3
 - ComFrame initiative 271–3, 285
 - corporate governance initiatives 278
 - group supervision 285
 - importance and influences of 253–4
 - Insurance Core Principles 257, 278
 - relevant entities, definition 285
 - solvency regulation initiatives 257–8, 271–3
- intuition 18–23
 - availability bias 20
 - consumer behavior 15, 20–21
 - deliberative thinking, and 19–20, 22
 - insurer behavior 15, 21–3
 - likelihood of risk, and 20–21
 - regulator behavior 23
- Jaffee, D. 160, 165, 174, 187
- Kahneman, D. 78, 109
- Kaufman, G. 356
- Kimball, S. 324
- Kleffner, A. 46
- Knutsen, E. 378
- Kolstad, J. 221–2
- Kowalski, A. 221–2
- Kramer, M. 48–9
- Lanoie, P. 506
- Latin, H. 109
- Leverly, J. 366
- Levitt, S. 49–50
- Levy, H. 198
- Lex, C. 62
- liability insurance
 - absent insurance 507
 - adverse selection 510–11
 - asymmetric information, and 510–11
 - corporate motivations 491–2
 - data, uses for 513

- economic theory of 488–9
- financial crisis, and 512–13
- first-party insurance *vs.* tort liability 98–9, 489, 508–11
- fraud 504–5
- history of 489–90
- individual motivations 490–91
- injurer incentives 491–2, 496–9
- judgment proof conflicts 507–8
- minimum thresholds 507
- models of 514
 - with insurance 494–9
 - without insurance 492–4
- moral hazard, and 488–90, 499–500, 514
 - contract design 499–504
 - coverage design 501
 - experience-rating 501
 - ex post* auditing 502
 - ex post* moral hazard 502–6
 - external control measures 502–3
 - loss control 502
 - underwriting 501
 - welfare costs 505
 - Workers' Compensation Insurance, and 506
- negligence, and 492–9
- non-independent risk 508
- purpose 488–9
- risk aversion, and 494–9
- socio-legal risk, and 508
- strict liability, and 492–7
- underwriting cycle 512–13
- uninsured motorist insurance 507–8
- victim incentives 491–2, 496–9
- vs.* workers' compensation 489, 506
- licensing
 - as barrier to market entry 350–51
 - insurance intermediaries 61–3
 - state *vs.* federal regulation, and 366–7
- Liddy, E. 175
- Lieberthal, R. 205
- Liebman, L. 508–9
- life insurance
 - state *vs.* federal regulation role 365
 - underprotection trends 29–30
- life-time benefits
 - caps 21
 - social insurance perspectives 139–45
- Long, S. 221–2
- low-incomes
 - insurance affordability, and 25–7
 - insurance motivation, and 15, 20–21, 197–8
 - insurance vouchers 23
 - state healthcare and Medicaid eligibility 228–9
 - state intervention, and 28–9
- McCarran-Ferguson Act (1945) 324, 384, 393–4
- McGinn V. H&H Music Company* 290–91
- MacLeod, W. 510
- Mahoney, N. 197–8
- Maletic, V. 116
- mandatory rules *see* contract terms
- Manning, W. 80, 90
- market failures
 - adverse selection 342–3
 - causes and responses 336–41
 - externalities and contagion 335, 356–60
 - fraud, and 346–7
 - informational market failures 341–8
 - moral hazard, and 344–5
 - price variability and switching costs 343–4
 - private mitigation factors 334
 - regulation, prevention role 334–5
 - solvency regulation, and 242–3
- market power 353
 - barriers to entry or exit 349–51
 - economies of scale, and 348–9
 - state *vs.* federal regulatory role 348–53
 - unequal bargaining power, and 351–2
 - unfair prices, and 352
- Marquis, S. 80, 90
- Marshall, J. 82
- Mashaw, J. 128, 134–7
- maximin principle 108
- Mayers, D. 491
- Medicaid 149–51, 155, 196–7, 207, 228–9
- medical malpractice insurance 466, 513

- Medicare 4, 150
 - see also* health insurance; social insurance
 - compulsory features 131–2
 - costs 200–202, 219–21
 - lifetime perspectives 139–45
 - purpose 135
 - subsidies 132
 - underwriting constraints 132
- Meier, K. 247
- Meltzer, D. 198
- Metro North Commuter Railroad v. Buckley* 508
- Michigan rule 471, 476
- Mierzwa v. Florida Windstorm Underwriting Association* 361
- Miller, S. 222
- Minor, D. 51, 54
- misrepresentation 409
- Miyazaki, H. 314–16
- moral hazard
 - classification risk, and 296, 307–8
 - consumer surplus 84
 - cost-sharing, and 77–8, 81, 91
 - default rules *vs.* mandatory rules 397–8
 - definition 71–2, 488–9
 - ex ante* 499, 501, 505
 - ex post* 99, 501–2, 504–6
 - health insurance, and 71–80, 84–91, 193–4
 - income effect 81–6
 - inefficiency 73–4, 76–8, 89–91
 - liability insurance, and 488–90, 499–500, 514
 - contract design 499–504
 - coverage design 501
 - experience-rating 501
 - ex post* 502–6
 - external control measures 502–3
 - loss control 502
 - underwriting 501
 - welfare costs 505
 - Workers' Compensation Insurance, and 506
 - over-insurance, and 76–7, 89–90
 - state role *vs.* federal role 344–6
 - theory
 - challenges and conflicts 78–81
 - health insurance, and 71–80, 84–91
 - policy influences 76–8, 89–91
 - principles 71–6
 - transaction costs 85–6
 - welfare implications 86–9
- mortgage insurance 171–2
- motoring insurance
 - bad faith liability, and 431
 - classification risk, and 307–8
 - gender differentiation 307–8
 - judgment proof conflicts 507–8
 - lifetime perspectives 139–40
 - mandatory insurance 147–8, 395–6
 - price differentiation 293–4, 307–8
 - social insurance, and 147–8
 - uncompensated accidents 353–4
 - uninsured motorist insurance 111, 147–8
- Mullainathan, S. 48–9
- multi-year policies 25–7
- Munera, J. 51
- mutual insurance 32–3
- National Association of Insurance Commissioners (NAIC)
 - Capital Adequacy Task Force 266–7
 - corporate governance 274–6
 - Financial Analysis Working Group (FAWG) 279
 - financial guarantee insurance 172–3
 - good faith and unfair trade practices 413
 - group supervision initiatives 279
 - mortgage insurance 171–2
 - Own Risk and Solvency Assessment (ORSA) 275–6
 - regulation harmonization initiatives 329–31
 - Risk Based Capital Model Law 329, 331
 - risk-based capital standards 262–8
 - Solvency Modernization Initiative 253–5, 266–7, 274–6
 - state law comparisons 331
 - US Insurance Financial Solvency Regulatory Monitoring Requirements 279
- National Flood Insurance Program (NFIP) 17, 176–7

- National Flood Reform Act 15
- National Insurance Act (2007) 326
- natural monopolies 348
- negligence
 - bad faith liability 418
 - due care, definition 493–4
 - vs. strict liability 492–9
- Nell, M. 44
- neuroscience
 - pain and suffering, analysis of 115–16
- Newhouse, J. 74–6, 80–83, 86
- non-monetary loss
 - see also* pain and suffering
 - compensation demand, evidence of 108–12
 - expected utility theory, and 106–10
 - marginal utility of wealth 99–104
 - tort law efficiency, and 94–5, 104–5
 - vs. monetary loss
 - identification challenges 103–6
 - independence and interdependence 106–7
 - irreplaceable commodities 106
 - well-being, and 104–5
- Oates, W. 321, 328–34
- Obamacare *see* Affordable Care Act
- Office of Thrift Supervision (OTS) 246
- old age insurance
 - lifetime perspectives 139–45
- Omnibus II Directive 253, 256
- optimal administration theory 321
- optimal insurance 96, 344–5
- Organisation for Economic Cooperation and Development (OECD)
 - corporate governance principles 277–8
- overpayment hazard 461–2, 468–70, 472–7, 479
- over-purchase, of insurance
 - consumer protection 31
 - moral hazard, and 76–7, 89–90
 - motivations 30
 - restrictions on 309–10
 - trends 38
- Own Risk and Solvency Assessment (ORSA) 275–7
- pain and suffering
 - compensation
 - administration costs 114–17
 - adverse selection 110–11
 - benefits 95, 114
 - caps 94–5
 - costs of 94–5, 112–17
 - estimation 114–19
 - first-party insurance for 98–112
 - inequity in 117–18
 - justification for 114–15
 - malingering, and 116–17
 - perception of pain, and 115
 - policy objections 96–119
 - seriousness of injury, and 115
 - social norms, and 111–12
 - supply and demand 108–12, 510
 - third party products 95
 - tort law, and consumer demand 98–112
 - tort law, burden on 112–13
 - tort law over-deterrence, and 96–8
 - value received 113
 - insurance theory, generally 94–5, 102
 - monetary vs. non-monetary loss
 - expected utility theory 106–10
 - identification challenges 103–6
 - independence and interdependence 106–7
 - marginal utility of wealth 99–104
 - neuroscience developments, and 115–16
 - post-traumatic stress disorder 115–16
 - proof, difficulties with 96–7, 118–19
 - tort law reform trends 94–5
- Parente, S. 226
- Paul v. Virginia* 322–3
- Pauly, M. 71–6, 79–80, 198, 205, 222–3, 226
- Pelzman, S. 247
- Philadelphia Contributionship 322
- Phillips, R. 266–7, 345, 359–60, 364
- policy bundling 30–31
- policy renewal guarantees 26, 205, 301–2
- Polinsky, M. 113
- post-traumatic stress disorder 115–16
- Pottier, S. 344, 350, 352, 354–5, 365

- PPG Industries v. Transamerica Ins. Co.* 469
- premiums
- adverse selection, and 24
 - climate change, influences on 24
 - consumer value perceptions 17, 20–21, 24–5, 33
 - from foreign/out-of-state insurers 329–30
 - genetic disposition, and 24
 - multi-year policies, and 25
 - political influences 25
 - proportion of income 86
 - rare events coverage 32–3
 - risk-based, functions of 24–5
- Price Anderson Act (1957) 367
- price differentiation
- competition, and 293–4
 - discrimination, and 292–3, 307–8
- Priest, G. 175, 511–12
- Principles of the Law of Liability Insurance (ALI) 378, 388, 409
- probabilities 32–3
- product liability law 97–9
- mandatory rules 381–3
 - regulation, state vs. federal 362
- Prosser, W. 104
- Quigley, J. 174
- Rabin, R. 118
- Ramlet, M. 226
- RAND Health Insurance Experiment 74–6, 80–81, 198
- Ranger Insurance Co. v. Travelers Indemnity Co.* 477–8
- rare events coverage
- consumer motivation 33–4
 - mutual insurance 32–3
- rational choice
- expected utility theory 106–10
- Rawls, J. 107–8, 152, 299
- Regan, L. 46
- regulation
- see also* insurance intermediaries; solvency regulation
 - antitrust exemptions 323–5
 - competition, and 334–5
 - consumer protection, and 335
 - economic justification for 334–5
 - extraterritorial regulation 354–5
 - importance of 334–5
 - insurance contracts
 - rules vs. standards 408–10
 - state variations 402
 - terms, approval of 405–8
 - terms, rejection of 403–5
 - insurance intermediaries 40
 - conflicts of interest disclosure 59
 - duties to policyholders 57–9
 - estoppel 61
 - licensing 61–3
 - suitability requirements 59–60
 - unfair trade restrictions 61–3
 - insurer contagion, and 358–60
 - intuitive behavior 23
 - market contagion, and 335, 356–8
 - market failure 334–5
 - causes and responses 336–41
 - market power 348–53
 - self-regulatory mechanisms 346
 - state role vs. federal role 244–5, 321–2, 369–70
 - adverse selection, and 342–3
 - barriers to entry 349–51
 - claim settlement practices, and 368
 - commercial insurance 365–6
 - commodity products 365
 - contract term requirements, and 368
 - economies of scale 348–9
 - externalities, role of 353–63
 - extraterritorial regulation 354–5
 - federal control, benefits 329–31, 340–41, 364–7
 - financial contagion 335, 356–8
 - FIO influences on 327–8
 - fiscal federalism, theory of 328–34
 - fraud, and 346–7
 - historical development 322–8
 - insurer choice proposal 326
 - insurer contagion 358–60
 - international considerations 366–7
 - inter-state policy variations and limits 331–4
 - judicial rulings, and 361–2
 - large or catastrophic losses 360–61
 - market failure causes and responses 336–41

- market power 348–53
- moral hazard, and 343–6
- price regulation, and 369
- price variability and switching costs 344–4
- solvency and resolution activities 364
- state control, benefits 331–4, 340–41, 367–9
- theoretical rationales for 335–40
- uncompensated accidents 353–4
- unequal bargaining power, and 351–2
- unfair prices 352
- uniformity, costs of 340–41
- uninsurable losses, and 367
- in US
 - antitrust exemptions 323–5
 - cartelization 323–4
 - Federal Charter proposals 325–6
 - financial crisis influences 326–7
 - historical development 322–8
 - insurance company bankruptcies in 1980s 325–6
 - Oversight and Investigations Committee 325
- reinsurance
 - catastrophe insurance 5, 166–7
 - covered agreements 245
- residential-mortgage-backed securities (RMBS) 172–3
- Reuter, J. 49–50
- right to defend 439–40, 446–7, 450–51
 - limitations 452–3
 - policyholder right 474–5, 479
 - policy types 441
- risk
 - misperception of 17, 109–10
 - mitigation 24
- risk aversion
 - bad faith liability dispute resolution 427–428
 - maximin principle, and 108
- risk classification *see* classification risk
- risk management
 - enterprise risk management (ERM) practices 266
- Román, S. 51
- Romney, M. 154
- Rothschild, M. 313–16
- Rubin, P. 509
- Russell, T. 160–61, 165, 187
- Safeco Ins. Co. of America v. Hirschmann*. 386
- safety first model 22
- Salop, S. 427–8, 430
- Savage, L. 82
- Schacht, J. 344–5
- Schlesinger, H. 104–6
- Schwarctz, V. 471, 476–7
- Schwarcz, D. 46, 344, 415, 435
- Schwartz, G. 512
- Schwartz v. Liberty Mutual Insurance Co.* 474–5
- Seffert v. Los Angeles Transit Lines* 118
- selective attrition 311–12
- Sentry Ins. v. US Fidelity & Guaranty Co.* 479–80
- settlement of claims
 - see also* duty to settle
 - collective-action conflicts 462, 464–6, 480, 482, 484–6
 - conflict of interests 461–2
 - disregard-the-limits rule 462
 - duty to contribute 463, 475, 477–9
 - litigation expenses coverage 466
 - Michigan rule 471, 476
 - no-liability approach 477–8, 480
 - overpayment hazard 461–2, 468–70, 472–7, 479
 - policyholder incentives 476–7
 - policy influences on 465–6
 - policy limits, and 465
 - post-judgment context 463
 - post-settlement context 463
 - reasonable consent provision 479
 - reasonableness standard 462, 469–70, 472, 479, 482
 - segmented approach to 462–4, 481–5
 - settlement decision control, assignment of 466
 - settlement-duty scenarios 462–4
 - above-limit demand, post-judgment context 475–8
 - above-limit demand, post-settlement context 478–81
 - within-limit demand, post-judgment context 467–73

- within-limit demand, post-settlement context 473–5
 - strict liability approach 462–4, 469–74, 476–80
 - undersettlement hazard 461–2, 468–70, 476–7
- Shavell, S. 102–4, 113, 492–9, 507–8
- Sherman Antitrust Act (1892) 323–4
- Siegelman, P. 503, 510–11
- Sinn, H.-W. 152–3, 197
- Smith, C. 491
- Smith, E. 507–8
- social insurance
 - adverse selection, and 135
 - compulsory participation 131
 - conceptions of 133–8
 - cost estimates 127
 - definitions 4, 127–8, 133–8, 154
 - distributional studies 143
 - entitlement, and 153–4
 - functions 128–38
 - insurance vs. tax-and-transfer scheme 127–8, 137–9, 151–6
 - justification for 17, 127–8, 130–31, 144–5
 - lifetime perspectives 138–45
 - motoring insurance, and 147–8
 - policy trends 127
 - political influences on 153–7
 - program features 131–3
 - progressive benefits and taxes 137, 151–5
 - proportion of GDP 4, 127
 - risk spreading and redistribution 128–33, 137–45, 151–3
 - role of 127–8, 130–31
 - social mobility, and 156–7
 - state role in 131–3, 138, 155–6
 - subsidies 132–3
 - as tax-funded welfare program 154–5
 - underwriting constraints 131–2
 - veil of ignorance, and 107–8, 151–3
 - vs. private insurance 145–9, 153–5
 - vs. public assistance programs 149–51, 155
 - Workers' Compensation insurance, and 146–7
- social security insurance
 - compulsory features 131–2
 - conceptions of 134
 - Congress funding limits 150
 - definitions 134, 137
 - lifetime perspectives 139–45
 - proportion of wage 149
 - subsidies 132–3
- Solvency II 255–7, 268–71, 276–7, 284
- Solvency Modernization Initiative 253–5, 266–7, 274–6
- solvency regulation
 - Authorized Control Level (ACL) 262–4
 - capital requirements 260–62
 - EU approaches 268–71
 - international approaches 271–3
 - optimal capital standards 273–4
 - US approaches 262–8
 - consumer protection, and 247
 - corporate governance
 - EU approaches 276–7
 - international approaches 277–8
 - US approaches 274–6
 - covered agreements 245
 - economic theories of 242–9
 - economic trend influences 249–53
 - efficiency of 242–4
 - enterprise risk management (ERM) practices 266
 - equivalence arrangements 256–7
 - EU reforms
 - corporate governance 276–7
 - group supervision 283–4
 - Omnibus II Directive 253, 256
 - Solvency II 255–7, 268–71, 284
 - US reforms, differences from 284–6
 - functions 241–4
 - globalization, and 252–3
 - global systemically important insurers (G-SIIs) 273
 - group supervision
 - EU approaches 283–4
 - international approaches 285
 - US approaches 245, 279–83
 - historical developments 323
 - industry influences over 247–9
 - insolvency guarantees 244
 - international regulatory standards 257–8
 - capital requirements 271–3

- corporate governance 277–8
 - group supervision 285
 - market failures, and 242–3
 - minimum capital requirement (MCR) 269–70
 - model-based *vs.* formula-based approaches 265–8
 - negative externalities, and 243–4
 - optimal regulation, goal of 244
 - Own Risk and Solvency Assessment (ORSA) 275–7
 - political economy of 244–9
 - principles of 242–4
 - risk-based capital (RBC) formula 262–8
 - risk-based global insurance capital standard 272
 - safety incentives, and 243–4
 - Solvency II 255–7, 268–71, 276–7, 284
 - Solvency Modernization Initiative 253–5, 266–7, 274–6
 - solvency ratios, benefits of 273–4
 - systemically important financial institutions (SIFIs) 252, 281–2
 - target capital (SCR) 269–70
 - technical nature of 247–8
 - Total Adjusted Capital (TAC) 263
 - US reforms
 - capital requirements 262–8
 - choice of regulator 245–6
 - corporate governance 274–6
 - Dodd-Frank Act 245–6, 280–83, 286, 358
 - EU reforms, differences from 284–6
 - Federal controls 244–5, 280
 - Federal Reserve supervision 246, 280–83
 - group supervision 245, 279–83
- Sommers, B. 198, 222
- Southeastern Underwriters* 352
- special relationship, definition 57
- Squire, R. 484–5
- state role 4, 244–5
 - affordability, and 28–9
 - annuities and life insurance 29–30
 - catastrophe insurance 5, 164–5, 174–86
 - consumer guidance 28–9
 - efficiency, and 329–30
 - fiscal federalism, theory of 328–34
 - influences on 28, 148
 - insurance anomalies, and 27–31
 - insurance contracts 402
 - inter-state policy variations and limits 331–4
 - public good *vs.* social harm 28
 - risk mitigation challenges for individual 28–9
 - in social insurance 131–3, 138
 - under-purchase intervention 28
 - vs.* federal role 244–5, 321–2, 369–70
 - barriers to entry 349–51
 - claim settlement practices, and 368
 - commercial insurance 365–6
 - commodity products 365
 - contract term requirements, and 368
 - economies of scale 348–9
 - externalities, influences of 353–63
 - extraterritorial regulation 354–5
 - federal control, benefits 329–31, 340–41, 364–7
 - financial contagion 335, 356–8
 - fiscal federalism, theory of 328–34
 - fraud, and 346–7
 - historical development 322–8
 - insurer contagion 358–60
 - international considerations 366–7
 - judicial rulings, and 361–2
 - large or catastrophic losses 360–61
 - market failure causes and responses 336–41
 - market power regulation 348–53
 - moral hazard, and 343–6
 - price regulation, and 369
 - price variability and switching costs 344–4
 - solvency and resolution activities 364
 - state control, benefits 331–4, 340–41, 367–9
 - uncompensated accidents 353–4
 - unequal bargaining power, and 351–2
 - unfair prices regulation 352
 - uniformity, costs of 340–41
 - uninsurable losses, and 367

- Stempel, C. 418–19
 Stigler, G. 247
 Stiglitz, J. 313–16, 444
 Stockley, K. 222
 Stoler, A. 298
 strict liability
 duty to settle, and 462–4, 469–74, 476–80
 vs. negligence 492–9
 subprime mortgages 172–3
 supply and demand
 first-party pain and suffering insurance 110–11
 income effects 81–2
 price elasticity, and 294
 Sykes, A. 425, 430
 systemically important financial institutions (SIFIs) 252, 281–2, 358
 systemic risk
 financial contagion 335, 356–8
 Syverson, C. 48–50, 471
 Syverud, K. 505

 technology
 advice bias, and 36, 63–6
 comparison sites 63–4
 insurance intermediaries, implications for 36, 63–6
 risks from 36, 65–6
 Tennyson, S. 417–20, 425, 427, 431–2, 434, 504
 terrorism
 aggregate losses 160
 terrorism insurance
 9/11 attacks, influences on cover availability 22
 insurer behavior 21–2
 safety first model 22
 state *vs.* federal regulation 367
 Terrorism Risk Insurance Act (TRIA) 179–80, 367
 tort law
 see also bad faith liability; liability insurance; pain and suffering; product liability law
 as alternative to first-party insurance 98–9, 489, 508–11
 barriers in 97–8
 complementarity with other areas 97 costs of 112–17
 deterrence *vs.* over-deterrence 96–8
 efficiency principle 94, 104–5, 508–9
 function 96, 98–9, 114–15, 488–9
 insurance paradigm, and 98–9
 market reputation, and 97
 product liability 97–9
 reform trends 94
 regulation, and 97
 workers' compensation, and 489
 transparency, principles of 25
 Troubled Asset Recovery Program (TARP) 357–8
 Tversky, A. 20, 78
 Tyco International 457–8

 underprotection
 annuities 29
 life insurance 29–30
 reasons for 130
 trends 38
 undersettlement hazard 461–2, 468–70, 476–7
 unemployment insurance
 compulsory features 131–2
 lifetime perspectives 139–45
 public assistance, and 149–51
 subsidies 132
 unfair trade practices
 insurance intermediaries, and 61–3
 Unfair Trade Practices Model Act (2008) 413
 uninsured motorist insurance 111, 147–8
 United Kingdom
 bad faith liability 415–16, 420
 flood risk insurance 177
 Unum/ Provident 421
 utility
 definition 71–2
 expected utility theory 106–10
 marginal utility of wealth 99–104

 value-based insurance design 90
 Varian, H. 152
 veil of ignorance
 classification risk, and 299–300
 social insurance, and 107–8, 151–3
 Viscusi, K. 513

- Warfel, J. 417–20
warranties 31
wealth
 marginal utility 99–104
White, L. 427–8, 430
Wickelgren, A. 510
Wilder, J. 56
Workers' Compensation insurance
 146–7, 489, 506
Wright, R. 507–8
Yelen, S. 350–51
Yoon, A. 513
Zahorsky, R. 457
Zapata, D. 222
Zeiler, K. 449
Zipursky, B. 102
Zweifel, P. 138